

bank is obliged to receive the bills of other banks of issue which have conformed to the law of March 24, 1875, and where they are established in cities of more than 80,000 inhabitants. Bank bills are not a legal tender, however, between individuals, and the law prescribes that "there exists no obligation to accept bank bills for payments which are legally due in specie, and no such obligation can be established by the legislation of any state with regard to the banks of the state."

The government took advantage of the extension of the charter of the Imperial Bank in 1889 to secure a larger share in the dividends than it had before demanded. The statute of December 18, 1889, reduced from four and a half to three and a half per cent, the dividend allotted to the shareholders before any other allotment. Twenty per cent, of the remaining profits was to be carried to a reserve fund, so long as this fund was less than a quarter of the capital, and the remainder was to be shared equally between the shareholders and the Imperial Treasury until the portion of the shareholders reached six per cent. Of the profits in excess of six per cent, the shareholders obtained only a quarter and the Imperial Treasury the other three-quarters. The minimum dividend of three and a half per cent, was to be made up to the shareholders from the reserve funds when it was not provided by the annual profits of the bank. The reserve fund reached the legal limit of one-fourth of the capital in 1891. The old law divided the dividends above four and a half per cent, equally between the shareholders and the government up to eight per cent. The actual profits under the old law from 1876 to 1888 were 131,900,000 marks, amounting to 8.46 per cent, annually on the capital. The shareholders received 94,900,000 marks, amounting to 6.08 per cent, of the capital and the state received 24,700,000 marks.

A further change in favor of the government was made at the revision of the charter in 1899. The shareholders under this law were still allotted three and a half per cent, in divi-

bear the expense of shipment to those cities."—
Letter in *London Economist* November 9, 1907, LXV,
1925.